

# FDIC

Federal Deposit Insurance Corporation  
Washington, DC 20429

Legal Division

February 19, 1998

Byron L. Wade, Esq.  
Senior Vice President  
And Chief Legal Officer  
MAXXAM Inc.  
P.O. Box 572887  
Houston, Texas 77257-2887

Re: FDIC v. Hurwitz, Case No. H-95-3956 (S.D. Tx.)

Dear Mr. Wade:

Thank you for your letter of February 17, 1998, proposing a settlement of the above-referenced litigation.

At the outset I should reiterate that the FDIC's preference in these matters is to receive a cash payment. That eliminates numerous complications that arise from asset transfers like the one proposed in your letter. However, if we were to accept an asset transfer we would have to have a complete understanding about the valuation of that asset. In the case of the timber assets referenced in your letter, we do not believe that we can verify any estimates of valuation prior to an agreement on a Habitat Conservation Plan which will establish the extent of any logging restrictions and the volume of recoverable timber.

Accordingly, the FDIC does not feel that it would be productive to discuss your proposal at this time. We appreciate your efforts to resolve this matter and encourage you to approach us again as soon as you are able to reduce your proposal to a cash offer or provide reliable valuation information about any assets tendered for settlement.

Sincerely,



Jack D. Smith  
Deputy General Counsel

JW 000113

ATTACHMENT D